



**STATEMENT OF PROCEEDINGS
FOR THE REGULAR MEETING OF THE
LOS ANGELES COUNTY AUDIT COMMITTEE
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012**

Thursday, January 21, 2016

10:30 AM

AUDIO LINK FOR THE ENTIRE MEETING. (16-0550)

Attachments: [AUDIO](#)

Present: Chair James A. Blunt, Kieu-Anh King, Carl Gallucci, Lori Glasgow
and Danette McBride

Absent: Vice Chair Dorinne Jordan

I. ADMINISTRATIVE MATTERS

1. Call to Order. (16-0063)

The meeting was called to order by James Blunt at 10:41 a.m.

- 2.** Approval of the December 17, 2015 meeting minutes. (16-0064)

Lori Glasgow, Fifth District, requested a report back in April 2016 from the Department of Children and Family Services regarding the implementation of flextime discussed on Agenda Item No. 7 of the December 17, 2015 meeting minutes.

On motion of Lori Glasgow, seconded by James Blunt, this item was reconsidered and approved.

Attachments: [SUPPORTING DOCUMENT](#)

II. BOARD POLICY

3. Recommendation to review changes to Board Policy 3.150 - Emergency Management Implementation Task Force Policy and extend the sunset review date to March 3, 2019 (1/5/16). (16-0365)

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

III. OLD BUSINESS

4. Audit of Probation Department - Welfare and Institutions Code Section 275(b) (12/10/15)(Continued from the meeting of 12/17/15). (15-5872)

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

IV. REPORTS

5. Fiscal Year 2015-16 First Quarter Report on Audit-Related Funding Transferred from General Fund Departments (12/15/15). (16-0073)

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

6. Fiscal Year 2015-16 Charges to Provisional Financing Uses for Board-Directed Assignments/Audits of General Fund Departments (12/15/15). (16-0138)

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

7. Fiscal Year 2015-16 Cash Flow Projection (12/21/15). (16-0139)

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

8. Department of Public Works - Utility Payment Application Invoice Processing Review (12/23/15). (16-0140)

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

9. YWCA of Glendale - A Department of Public Social Services Domestic Violence Supportive Services and Community Services Block Grant Domestic Violence Programs Provider - Contract Compliance Review (12/28/15). (16-0161)

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

10. Community and Senior Services - Reviews of Workforce Investment Act Service Providers - Fiscal Year 2013-14 Summary Report (12/28/15). (16-0162)

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

11. L.A. Care Health Plan Administrative Cost Analysis Review (12/30/15). (16-0234)

Kieu-Anh King, Third District, requested clarification on how the rating on this agency was gaged. Rica Cabigas, Auditor-Controller (A-C), provided a breakdown of the ratio calculation and stated that the financial ratios are commonly used in the financial industry to check financial liability. A-C conducted a general assessment by measuring the ratio against best practices, financial publications, and the industry standard.

On motion of Kieu-Anh King, seconded by Danette McBride, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

12. FY 2015-16 Comprehensive Annual Financial Report (1/7/16). (16-0320)

Connie Yee, A-C, provided an overview on each section of the report. Lori Glasgow, Fifth District, mentioned she appreciates Ms. Yee's

explanation and questioned why Vector Control District was not included in the list of districts indicated on the memo. Ms. Yee clarified that the Fire Protection through the Water District are Special Districts which the Board of Supervisors is the governing body; whereas, the Vector Control District and Los Angeles County Office of Education are ones that the Board is not a governing body. Ms. Yee confirmed that the Board is also the governing body for Los Angeles County Capital Asset Leasing (LACCAL) and Los Angeles County Employees Retirement Association.

Kieu-Anh King, Third District, questioned the County's deficit when full amount of retirees' health obligations appear in a couple of years. John Naimo, Auditor-Controller, confirmed that it will grow to \$50 billion in 2018.

Lori Glasgow, Fifth District, asked how the bond housing is looking at the pension liabilities and the adequacy of those amounts that goes in the annual budget. Mr. Naimo explained that the bond housing is looking for evidence of the County moving in the direction that would responsibly fund the liabilities in ways that will not jeopardize future budgets.

In response to Ms. Glasgow's question regarding the difference between government activities and business type activities, Ms. Yee and Mr. Naimo clarified that business type activities include hospitals, waterworks districts, aviation, and airports. These entities lend themselves for a user fee. Enterprise fund is also represented as a business type activity. Government activity is everything else.

Mr. Naimo added that the deficit is going to get worse before it gets better. Liabilities such as pension liabilities and Other Postemployment Benefits (OPEB) are growing at a faster rate than the County can afford to fund them. Pension is responsibly funded; it is a by-product of how the stock market is doing.

Mr. Naimo also reported that the County rules required a present balance sheet for general funds be presented on the basis of accounting that is current. Current assets and current liabilities are those that are due within one year; it does not include OPEB, Pension, and workers compensation. The balance sheet mirrors the County budget process. In additional, fund balance grew to \$87 million year after year due to increase in cost, salary, and cost of living.

In response to questions posed by the Committee regarding fund balance, Mr. Naimo confirmed that the County's governmental fund balance is all of the County's operation and flood control combined.

Additionally, the breakdown of long-term liabilities is not included in this report as the Chief Executive Office (CEO) tracks subvention rates. Mr. Naimo also confirmed that an example of unavailable revenue that was reported as deferred inflow of resources is property tax. Mr. Naimo stated that the debt ratio depends on the measuring purpose and that all liabilities are an accurate reflection of the County's discretionary fund.

Carl Gallucci, Fourth District, questioned if there is a separate balance sheet maintained for the Department of Health Services. Mr. Naimo confirmed that there is a separate balance sheet for each hospital. The amount in funds for all of their liabilities such as pensions and OPEB, will not tie back in the closing cost hospital fund balance.

Mr. Gallucci questioned if trends are included in the long-term liabilities such as LACCAL. Mr. Naimo confirmed that it is not since it is issued on July 1st and repaid before June 30th; therefore, it is not a liability.

On motion of Kieu-Anh King, seconded by James Blunt, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

13. Department of Public Social Services - Housing Programs Review (1/8/16). (16-0330)

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was continued and referred to the Children and Families Well-Being Cluster Meeting for review; and it was also requested that the Deputies involved with Homelessness issues be invited.

Attachments: [SUPPORTING DOCUMENT](#)

14. Treasurer's October 20, 2015 Cash Count (1/11/16). (16-0381)

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

15. Bayfront Youth and Family Services - A Department of Mental Health Service Provider - Program Review (1/13/16). (16-0404)

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 16.** David and Margaret Home - A Department of Mental Health Service Provider - Program Review (1/13/16). (16-0416)

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 17.** Contractor Alert Reporting Database Status Report - January 2016 (1/14/16). (16-0409)

On motion of Lori Glasgow, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

V. DISCUSSIONS

- 18.** Status update of Department of Parks and Recreation-Voyager Card Review. (15-3595)

Bob Maycumber, Parks and Recreation Department (DPR), provided an update on the Voyager Card. Mr. Maycumber indicated that a review was conducted and some of the major findings were the sharing of cards and pin numbers and the personal use of cards among staff. A directive containing the policies and procedures regarding the use of Voyager Cards was distributed to staff. As a result, cards are now issued to each individual versus one person and reminded staff of the disciplinary actions that can be used to reprimand employees who do not use the card according to the policies and procedures. The directive also provided information regarding the appropriate steps to report lost or stolen cards, the type of fuel to be utilized and credit limits; the use of purchase record forms and the review and approval process for transactions were also included. Mr. Maycumber addressed the fueling site issues and indicated that an analysis of county fuel sites and non-county fuel sites within a three mile radius was conducted. The analysis identified a lack of cooperation from county fuel sites and added fees as challenges; DPR currently working in collaboration with other county departments to build a better partnership.

Mr. Maycumber added that the idea of using a Fuel Focus device has

been explored, the device will be installed at Parks and Recreation fuels sites and allow users to swipe their cards. The device will also facilitate the monitoring of usage and inventory. In addition, a Radio Frequency Identification Device (RFID) will be installed with the device to identify the vehicle as a county vehicle; a Human Identification device currently used by the Internal Services Department (ISD) is also being considered.

Kieu-Anh King, Third District, questioned the inventory and poor conditions of the Parks and Recreation fueling sites noted on the report and asked if the fuel focus device will be able to address one or both issues. Malou Rubio, Parks and Recreation, indicated that the fuel focus is a system that will allow management to monitor the usage and inventory via computer. The issue regarding poor conditions is due to the use of outdated equipment and technology; a plan to upgrade fuel site equipment and technology is currently in progress. Ms. Rubio added that the fuel focus device incorporates the use of Fleet Commander, an online system that will provide real time detailed reports on transactions; as a proactive approach cards will be programmed to allow for fuel use only.

James Blunt, First District, questioned the effectiveness of the directive that was distributed. Mr. Maycumber confirmed that changes have been implemented and policies and procedures are being followed.

19. Pending Audits/Monitoring Reports. (16-0066)

Arlene Barrera, A-C, announced that the Probation report on hiring practices and grant efficacy is scheduled to be released on January 22, 2016; district offices have been notified.

Lori Glasgow, Fifth District, asked when the fair report will be conducted. Robert Smythe, A-C, indicated that a closed session with the Board of Supervisors and County Counsel was conducted on the issue; the report is currently in progress.

VI. MISCELLANEOUS

20. Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting). (16-0067)

There were no matters presented.

20A. Report back in April 2016 from the Department of Children and Family Services regarding the implementation of flextime discussed on Agenda Item No. 7 of the December 17, 2015 meeting minutes as requested by Lori Glasgow, Fifth District. (16-0964)

21. Public Comment. (16-0071)

No members of the public addressed the Committee.

22. Adjournment. (16-0072)

There being no further business to discuss, the meeting was adjourned at 11:44 a.m.